

**Notice No.:** 97-009

**Date:** December 10, 1997

**Applies to:** Political Subdivision Employers

**Subject:** Deferred Compensation Program

### **What is the Deferred Compensation Program?**

The Deferred Compensation Program (DCP) is a benefit package employers may offer their employees to help them prepare for retirement. The Program provides employees a tax advantaged means of accumulating savings. State agencies and higher educational institutions are automatically eligible, while a political subdivision such as a city, must sign a DCP resolution to enable employees to participate. More than 250 political subdivisions are currently participating in the Program.

### **Background**

In 1981 the State Legislature established the DCP for all public employees of Washington State, including counties, municipalities or other political subdivisions. As of July 1996 the Department of Retirement Systems (DRS) has administered the DCP. It is a tax-deferred supplemental savings program that offers employees the advantages of reducing current taxable income and allowing accounts to grow on a tax deferred basis. Other features are low participant fees and effective plan administration.

**Note:** For additional information refer to the following Sections of the Revised Code of Washington (RCW):

RCW 41.50.770  
RCW 41.50.088

RCW 41.50.780  
RCW 41.50.030

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## **Questions Employees May Ask**

### **Q. Who is eligible to participate?**

**A.** Any state employee who is full-time; part-time, working a regular schedule; or career seasonal, and any elected or appointed official of the state is eligible to participate. Political subdivision employees may participate, pursuant to an employer-adopted resolution.

### **Q. When and how may employees enroll in the program?**

**A.** Eligible employees may enroll anytime. No minimum number of employees is required for a political subdivision to participate. Eligible employees may enroll by calling the DCP at (360) 586-4980 or toll free statewide and Voice/TT 1-800-423-1524.

### **Q. Does participation in the program affect other retirement benefits?**

**A.** No, participation provides a means to supplement other retirement benefits.

### **Q. When is an employee eligible to receive payment?**

**A.** The intent of the Program is to provide additional retirement income. Normally, payment begins at or during retirement. Separation from service, regardless of age, or an approved unforeseeable financial emergency, also allows an employee to receive payment. Penalties do not apply even if distribution begins before age 59½.

## **Group Presentations**

Employers may schedule a group presentation by calling:

Western Washington Representative, Susan Ponsteen, at (360) 586-5687  
Eastern Washington Representative, Will Holford, at (509) 258-9412

DCP will also provide posters, payroll stuffers, videos, and other information for your employees upon request.

## **Questions?**

For further information, please call the DCP at (360) 586-4980 or toll free statewide and Voice/TT 1-800-423-1524. They can be reached on their Web-site at <http://www.wa.gov/DRS/dcp>

John Charles  
Director

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## 1997 DRS Notices

For a copy of a Notice, call (360) 586-4515.

<b>Notice No.</b>	<b>Applies to/ Subject matter</b>
97-001	<b>All Employers</b> Summary of 1997 Legislation.
97-002	<b>All Employers</b> New Reporting Procedures When Hiring Retirees
97-003	<b>All Employers</b> Contribution Rate Changes
97-004	<b>All LEOFF Employers</b> New Sections to WAC 415-104/Basic Salary for LEOFF Members
97-005	<b>All Higher Education Employers</b> Multiple PERS Employment
97-006	<b>TRS Plan 3 Employers</b> Processing the 40 Percent Transfer Payment
97-007	<b>All Higher Education Employers</b> Multiple PERS Employment
97-008	<b>TRS Plan 3 Employers</b> Processing TRS Plan 3 Member Information
97-009	<b>Political Subdivision Employers</b> Deferred Compensation Program